

JAEMIN CHANG (SBN 232612)
JChang@FoxRothschild.com
FOX ROTHSCHILD LLP
345 California Street, Suite 2200
San Francisco, CA 94104-2670
Telephone: 415.364.5540
Facsimile: 415.391.4436

JEFF NICHOLAS (Pro Hac Vice To Be Filed)
jnicholas@FoxRothschild.com
FOX ROTHSCHILD LLP
2000 Market Street, Twentieth Floor,
Philadelphia, PA 19103
Telephone: (215) 299-2000

GUY LEWIS (Pro Hac Vice To Be Filed)
glewis@lewistein.com
THE LAW OFFICES OF GUY A. LEWIS
12575 SW 67th Avenue
Pinecrest, FL, 33156
Telephone: (305) 442-1101

*Attorneys for Claimants First 100, LLC,
1st One Hundred Holdings, LLC, and
Battle Born Investments Company, LLC*

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

Approximately 69,370 Bitcoin (BTC),
Bitcoin Gold (BTG), Bitcoin SV (BSV), and
Bitcoin Cash (BCH) seized from
1HQ3Go3ggs8pFnXuHVHRytPCq5fGG8Hb
hx,

Defendant.

First 100, LLC, and 1st One Hundred
Holdings, LLC,

Claimants.

Case No. 20-7811-RS

**VERIFIED ANSWER BY FIRST 100, LLC
AND 1ST ONE HUNDRED HOLDINGS,
LLC**

Judge: Hon. Richard Seeborg
Courtroom: 3
Case Filed: November 5, 2020
FAC Filed: November 20, 2020
Trial Date: TBD

1 Claimants First 100, LLC. and 1st One Hundred Holdings, LLC., having duly filed their
 2 claim of interests in the above-captioned lawsuit on March 16, 2021, by and through their
 3 undersigned counsel, hereby file their joint Verified Answer as follows:

4 **NATURE OF THE ACTION**

5 1. The Claimants assert that the allegations in Paragraph No. 1 of the Plaintiff's
 6 amended complaint describe the statutory bases to bring this civil action. Those are legal
 7 conclusions to which no responses are required. To the extent that an answer is required,
 8 Claimants lack sufficient information to admit or deny the allegations in Paragraph No. 1 and, on
 9 that basis, the Claimants deny them.

10 **JURISDICTION AND VENUE**

11 2. The Claimants assert that the allegations in Paragraph No. 2 of the Plaintiff's
 12 amended complaint are legal conclusions to which no responses are required. To the extent that
 13 an answer is required, the Claimants aver that they lack sufficient information and belief to admit
 14 or deny and therefore deny the allegations of Paragraph No. 2.

15 3. The Claimants assert that the allegations in Paragraph No. 3 of the Plaintiff's
 16 amended complaint are legal conclusions to which no responses are required. To the extent that
 17 an answer is required, the Claimants aver that they lack sufficient information and belief to admit
 18 or deny and therefore deny the allegations of Paragraph No. 3.

19 4. The Claimants assert that the allegation in Paragraph No. 4 of the Plaintiff's
 20 amended complaint are legal conclusions to which no response is required. To the extent that an
 21 answer is required, the Claimants aver that they lack sufficient information and belief to admit or
 22 deny and therefore deny the allegations of Paragraph No. 4.

23 **PARTIES**

24 5. The Claimants admit the allegations in paragraph No. 5 of the Plaintiff's amended
 25 complaint.

26 6. With respect to the allegations in paragraph No. 6 of the Plaintiff's amended
 27 complaint, the Claimants admit that the Defendant Property identified in this action is comprised
 28 of the following:

- a) 69,370,22491543 Bitcoin (BTC);
- b) 69,370.10730857 Bitcoin Gold (BTG);
- c) 69,370,10710518 Bitcoin SV (BSV); and
- d) 69,3700.12818037 Bitcoin Cash (BCH)

all of which were contained in Bitcoin wallet/folder/account number

IHQ3G03ggs8pFnXuHVHRytPCq5fGG8Hbhx. By way of further answer, although the Claimants admit that the Plaintiff seized the above-referenced Bitcoin, the Claimants lack sufficient information or knowledge to know the date and circumstances under which the seizure was accomplished; and, therefore, can neither admit nor deny those elements of Paragraph No. 6. Collaterally, the Claimants assert that the value for each cache of Bitcoin and/or cryptocurrency, referenced-above, continuously fluctuates, depending on market conditions; and that Claimants assert their unfettered ownership interests in the inconstant value of the Defendant Property to and through the date of final judgment by this Court.

FACTS

7. The Claimants assert that Paragraph No. 7 of the Plaintiff's amended complaint comprises an historical narrative of the events leading up to the Government's seizure of the Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack sufficient information or knowledge to admit or deny the allegations contained in paragraph No. 7 and, on that basis, the Claimants deny them.

8. The Claimants assert that Paragraph No. 8 of the Plaintiff's amended complaint comprises an historical narrative of the events leading up to the Government's seizure of the Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack sufficient information or knowledge to admit or deny the allegations contained in paragraph No. 8 and, on that basis, the Claimants deny them.

9. The Claimants assert that Paragraph No. 9 of the Plaintiff's amended complaint comprises an historical narrative of the events leading up to the Government's seizure of the Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack

1 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
2 9 and, on that basis, the Claimants deny them.

3 10. The Claimants assert that Paragraph No. 10 of the Plaintiff's amended complaint
4 comprises an historical narrative of the events leading up to the Government's seizure of the
5 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
6 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
7 10 and, on that basis, the Claimants deny them.

8 11. The Claimants assert that Paragraph No. 11 of the Plaintiff's amended complaint
9 comprise an historical narrative of the events leading up to the Government's seizure of the
10 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
11 sufficient information or knowledge to admit or deny the allegations in Paragraph No. 11 and on
12 that basis, the Claimants deny them.

13 12. The Claimants assert that Paragraph No. 12 of the Plaintiff's amended complaint
14 comprise an historical narrative of the events leading up to the Government's seizure of the
15 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
16 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
17 12 and, on that basis, the Claimants deny them.

18 13. The Claimants assert that Paragraph No. 13 of the Plaintiff's amended complaint
19 comprises an historical narrative of the events leading up to the Government's seizure of the
20 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
21 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
22 13 and, on that basis, the Claimants deny them.

23 14. The Claimants assert that Paragraph No. 14 of the Plaintiff's amended complaint
24 comprises an historical narrative of the events leading up to the Government's seizure of the
25 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
26 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
27 14 and, on that basis, the Claimants deny them.

1 15. The Claimants assert that Paragraph No. 15 of the Plaintiff's amended complaint
2 comprises an historical narrative of the events leading up to the Government's seizure of the
3 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
4 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
5 15 and, on that basis, the Claimants deny them.

6 16. The Claimants assert that Paragraph No. 16 of the Plaintiff's amended complaint
7 comprises an historical narrative of the events leading up to the Government's seizure of the
8 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
9 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
10 16 and, on that basis, the Claimants deny them.

11 17. The Claimants assert that Paragraph No. 17 of the Plaintiff's amended complaint
12 comprises an historical narrative of the events leading up to the Government's seizure of the
13 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
14 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
15 17 and, on that basis, the Claimants deny them.

16 18. The Claimants assert that Paragraph No. 18 of the Plaintiff's amended complaint
17 comprises an historical narrative of the events leading up to the Government's seizure of the
18 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
19 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
20 18 and, on that basis, the Claimants deny them.

21 19. The Claimants assert that Paragraph No. 19 of the Plaintiff's amended complaint
22 comprises an historical narrative of the events leading up to the Government's seizure of the
23 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
24 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
25 19 and, on that basis, the Claimants deny them.

26 20. The Claimants assert that Paragraph No. 20 of the Plaintiff's amended complaint
27 comprises an historical narrative of the events leading up to the Government's seizure of the
28 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack

1 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
2 20 and, on that basis, the Claimants deny them.

3 21. The Claimants assert that Paragraph No. 21 of the Plaintiff's amended complaint
4 comprises an historical narrative of the events leading up to the Government's seizure of the
5 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
6 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
7 21 and, on that basis, the Claimants deny them.

8 22. The Claimants assert that Paragraph No. 22 of the Plaintiff's amended complaint
9 comprises an historical narrative of the events leading up to the Government's seizure of the
10 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
11 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
12 22 and, on that basis, the Claimants deny them.

13 23. The Claimants assert that Paragraph No. 23 of the Plaintiff's amended complaint
14 comprises an historical narrative of the events leading up to the Government's seizure of the
15 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
16 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
17 23 and, on that basis, the Claimants deny them. By way of further answer the Claimants assert
18 that Individual X could not consent to the transfer/forfeiture of the Defendant Property to the
19 benefit of the United States because he had no property interests and/or rights in the Defendant
20 Property at the time that he executed the consent agreement.

21 24. The Claimants assert that Paragraph No. 24 of the Plaintiff's amended complaint
22 comprises an historical narrative of the events leading up to the Government's seizure of the
23 Defendant Property to which the Claimants were/are not privy. Therefore, the Claimants lack
24 sufficient information or knowledge to admit or deny the allegations contained in paragraph No.
25 24 and on that basis, the Claimants deny them.

26 VIOLATION

27 a. Each of the unnumbered paragraphs of the Plaintiff's amended complaint under
28 the "Violation" heading identify the various federal criminal statutes that implicate the

1 Defendant Property as criminally-derived and/or criminally-involved assets subject to seizure
2 and forfeiture. Therefore, no response is required.

3 b. In the penultimate, unnumbered paragraph of the amended complaint, the Plaintiff
4 alleges that the Defendant Property is subject to forfeiture pursuant to: 18 U.S.C. § 981 (a)(1)(A)
5 and (C) and § 981(b); 21 U.S.C. § 881 (a)(6); 18 U.S.C. § 1030; and 18 U.S.C. § 371. The
6 Claimants fully and categorically deny that the assets comprising the Defendant Property are
7 subject to forfeiture because the Claimants hold judicially-declared superior property interests in
8 those assets, en toto, based on, among other things, the Claimants' victim status and the
9 Claimants' bona fide and pre-existing property interests in the Defendant Property.

10 c. The Claimants fully and categorically deny any and all allegations, contained in
11 the Plaintiff's amended complaint, not specifically admitted above.

12 **AFFIRMATIVE DEFENSES**

13 **FIRST AFFIRMATIVE DEFENSE**

14 The Plaintiff's amended complaint fails to state a claim from which relief can be granted.

15 **SECOND AFFIRMATIVE DEFENSE**

16 The Plaintiff lacks standing to participate in this lawsuit.

17 **THIRD AFFIRMATIVE DEFENSE**

18 Any judgment imposed by this Court that contravenes or extinguishes the previous
19 judicially-declared bankruptcy judgment in favor of the Claimants runs afoul of the principles of
20 res judicata and/or satisfaction.

21 **FOURTH AFFIRMATIVE DEFENSE**

22 The Claimants are innocent owners who did not know, or have reason to know, that the
23 Defendant Property was proceeds of, or involved in, criminal activity.

24 **FIFTH AFFIRMATIVE DEFENSE**

25 The Claimants were not involved in any way in criminal behavior as relates to the
26 circumstances described in the Plaintiff's amended complaint.

27 //

28 //

SIXTH AFFIRMATIVE DEFENSE

The Claimants acted in good faith at all times relevant to matters described in the amended complaint.

SEVENTH AFFIRMATIVE DEFENSE

The Plaintiff is estopped from pursuing this civil forfeiture because it has failed to conduct an adequate investigation.

CLAIMANTS' DEMAND FOR A JURY TRIAL

The Claimants demand a trial by jury of all triable issues.

Dated: April 5, 2021

FOX ROTHSCHILD LLP

By: /s/ Jaemin Chang
JAEMIN CHANG
JEFF NICHOLAS (Pro Hac Vice To Be Filed)

Dated: April 5, 2021

THE LAW OFFICES OF GUY A. LEWIS

By: /s/ Guy A. Lewis
GUY A. LEWIS
(Pro Hac Vice To Be Filed)

VERIFICATION

I, the undersigned, certify and declare that I have read the foregoing Verified Answer and know its contents. The matters stated in the foregoing document are true of my own knowledge and belief except as to those matters explicitly stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge. I understand that a false statement or claim may subject a person to prosecution.

Dated: April 5, 2021

FIRST 100, LLC

By: 
Jay Bloom, Manager
SJC VENTURES HOLDING LLC

1st ONE HUNDRED HOLDINGS, LLC

By: 
Jay Bloom, Manager
SJC VENTURES HOLDING LLC